

## A Marketing Environment Analysis Framework

- Macro Environment: culture, demographics, social, technological, economic and political factors
- Value based Marketing: aims to provide greater value to consumer than competitors offer
- Trend and Competitors tracking sites: The Cool Hunters and Trend Hunters.

## The Immediate Environment

- Company Capabilities
  - Successful marketing firms focus on satisfying customer needs that match their core competencies
    - Pepsi
- Competitors
  - Critical to understand the firms competitors: strengths, weaknesses and likely reaction to the marketing activities the your own firm undertakes
- Corporate Partners
  - Firms rarely work in isolation, need to collaborate

## Macro Environmental Factors: CDSTEP: Culture, Demographics, Social Issues, Technological Advances, Economic Situation, Political/Regulatory environment

- Culture: marketers must have products of services identifiable by and relevant to a particular group of people. Culture influences consumers decision making
  - Two Dimensions of Culture
    - Country Culture
    - Regional culture
- Demographics: provide easily understood snapshot of the typical consumer in a specific target market
  - Generational Cohorts
    - Generation Z/Digital Natives: born into a world full of gadgets but also international terrorism.
      - Being raised by gen x and are developing affinity for the same brands.

- Generation Y: people born between the age of 1977 and 1995; biggest cohort since original postwar baby boomers
- Millennials: Born between 1977 and 2000 and the children of baby boomers.
- Generation X: Born Between 1965-1976, 50% grew up in divorced house holds thus they are now helicopter parents with their own children. Hold a considerable amount of spending power
- Baby Boomers: born between 1946-1964, the largest population. They are individualistic, high priority for leisure time, believe they will always be able to take care of themselves, obsession with maintaining their youth and loves rock n roll
- o Income
  - Distribution of wealth: wealthiest 1% controls 34.6% of American's total net worth; the bottom 90% own 26.9%
  - The concept of value: families incomes have stayed in front of inflations but health care, property taxes, and tuition bills have risen much faster than inflation
- o Education: marketers can combine education level with other data such as occupation and income and obtain pretty accurate prediction of purchase behavior
- o Gender: firm must be careful about gender neutrality in positioning their products and attempt to transcend gender boundaries
- o Ethnicity: Hispanic population growing exponentially. Marketers can not plan on using same strategy for all ethnicities
- Social Trends
  - o Thrift: economic impacts of recession and housing crash led to ppl spending less
    - Lipstick effect shoppers enjoy treating themselves to small luxuries (like channel lipstick) but forgo larger luxury items (like a vacation)

- Consumer expectations of what constitutes a good deal have changed so marketers need some new ideas to appeal
  - o Health and Wellness Concerns: Advertising: no more fast food advertising to children and increasing consumer interest in improving yoga studios etc.
  - o Greener Consumers:
    - Green marketing a strategic effort by firms to supply customers with environmentally friendly merchandise
    - Green washing: exploiting a consumer by disingenuously marketing product or services as environmentally friend, with the goal of gaining public approval and sales.
  - o Privacy concerns:
    - Do Not Call List: most companies are moving resources away from telephone campaigns and refocusing them else where
  - o A Time Poor Society: marketers often rely on technology
- Technological Advances:
  - o Technology based decision: Netflix tells us what to watch, Pandora tells us what to listen to etc.
  - o Wireless payment: apple pay
  - o Mobile Device popularity: the smaller screen on mobile devices means that less info. must be convey the same brand image .
- Economic Situation: affects the way consumers buy merchandise and spend money
  - o Factors that influence the state economy:
    - Inflation: the persistent increase in the prices of goods and services
    - Foreign currency fluctuations: changes in the value of a country's currency relatives to the currency of another country
    - Interest rates: represent the cost of borrowing money
- Political and Regulatory Environment: comprises of political parties, government organizations, legislation and laws.